

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

January 19, 2023

COPN Request No. VA-8670

Sentara Hospitals d/b/a Sentara Advanced Imaging Solutions-Edinburgh
Chesapeake, Virginia
Establish a Specialized Center for Mobile MRI Imaging

Applicant

Sentara Hospitals is a wholly owned subsidiary of Sentara Healthcare (Sentara). Sentara is a 501(c)(3) not-for-profit, non-stock corporation headquartered in Norfolk, Virginia. The proposed mobile MRI facility, Sentara Advanced Imaging Solutions-Edinburgh, would be located in the City of Chesapeake, Virginia, Health Planning Region (HPR) V, Planning District (PD) 20.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently 29 COPN authorized fixed-site diagnostic magnetic resonance imaging (MRI) scanners and 5 mobile MRI scanners at 22 authorized sites in PD 20 (**Table 1**). During 2021, the most recent year for which data are available, utilization of PD 20's fixed-site MRIs was 82.5%. Counting stationary and mobile unit provision as reported, utilization was 76.8%

PD 20 has had significant activity in the MRI market in recent years, mostly inventory-neutral relocations, with several projects approved but not yet operational:

- Sentara Obici was approved to establish an outpatient site on the campus of Sentara Obici Hospital with an MRI unit added to the PD 20 inventory (COPN No. VA-04787), expected to become operational October 31, 2023.
- Riverside was approved for an outpatient diagnostic imaging center in Smithfield to include a mobile MRI unit (COPN No. VA-04781). This COPN was subsequently surrendered when COPN No. VA-04785 authorized a new hospital, Riverside Smithfield Hospital, where the mobile MRI will go instead, expected to open September of 2025.
- First Meridian relocated two MRIs from its Pembroke location, one to its Clearfield Avenue location in Virginia Beach (COPN No. VA-04641) which opened November of 2021 and one to a new site on Lynnhaven Parkway (COPN No. VA-04735) which opened in March of 2022. On February 27, 2020 First Meridian became part of the Chesapeake Regional Healthcare network.
- Chesapeake Diagnostic Imaging was authorized to establish a new MRI site, Hanbury/Battlefield Boulevard in Chesapeake by relocating a unit from Kempsville in Norfolk (COPN No. VA-04761), expected to open November 15, 2023.

- An MRI was authorized to relocate from Chesapeake Regional Imaging-Kingsborough to the First Meridian site in Chesapeake (COPN No. VA-04788) expected to be operational November 30 2023.
- Chesapeake Diagnostic Imaging Centers has a project currently under review to relocate the final MRI unit from Kingsborough to a new Western Branch MRI site and close the Kingsborough site (COPN Request No. VA-8611); a similar project (COPN Request No. VA-8538) was denied two years ago.

Table 1. Authorized MRI Scanners in PD 20

Facility	Authorized Diagnostic Scanners	Fixed	Mobile
Bon Secours Health Center at Harbour View	3	3	0
Chesapeake Regional Imaging - Kingsborough	1	1	0
Chesapeake Regional Medical Center	3	3	0
Children's Hospital of The King's Daughters	3	2	1
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	2	2	0
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake	3	3	0
Hanbury Imaging Center	1	1	0
Lynnhaven Imaging Center	1	1	0
Riverside Regional Diagnostic Center -- Isle of Wight ¹	0	0	0
Riverside Smithfield Hospital	1	0	1
Sentara Advanced Imaging Center - Belleharbour	1	1	0
Sentara Advanced Imaging Center - Greenbrier Healthplex	1	0	1
Sentara Advanced Imaging Center - Leigh	2	2	0
Sentara Advanced Imaging Center - Princess Anne	1	1	0
Sentara Advanced Imaging Center - St. Luke's	1	0	1
Sentara Advanced Imaging Center at First Colonial	1	1	0
Sentara Independence	1	1	0
Sentara Leigh Hospital	1	1	0
Sentara Norfolk General Hospital ²	3	3	0
Sentara Obici Hospital	1	1	0
Sentara Princess Anne Hospital	1	1	0
Sentara Virginia Beach General Hospital	1	1	0
Bon Secours Southampton Memorial Hospital	1	0	1
Total PD 20	34	29	5

Source: DCOPN Records

¹ Riverside Regional Diagnostic Center- Isle of Wight (Smithfield) surrendered COPN No. VA-04781 when COPN No. VA-04785 authorized Riverside Smithfield Hospital.

²Sentara Norfolk General Hospital also has one intraoperative scanner, not counted here.

Table 2. Utilization of Diagnostic MRIs in PD 20

Facility Name	Total Stationary Units	Mobile Count of Units	Full-time Equiv. Units	Utilization Stationary	Utilization Including Mobile
Hospital					
Bon Secours DePaul Medical Center ¹	1	0	1	12.0%	12.0%
Bon Secours Maryview Medical Center	4	0	4	51.0%	51.0%
Bon Secours Southampton Memorial Hospital	1	0	1	19.3%	19.3%
Chesapeake Regional Medical Center	3	0	3	47.4%	47.4%
Sentara Leigh Hospital	1	0	1	144.6%	144.6%
Sentara Norfolk General Hospital ²	3	0	4	101.6%	76.2%
Sentara Obici Hospital ³	1	1	1	149.7%	149.7%
Sentara Princess Anne Hospital	1	0	1	152.4%	152.4%
Sentara Virginia Beach General Hospital	1	0	1	147.2%	147.2%
Children's Hospital of The King's Daughters	2	1	2.1	61.7%	58.7%
Total and Average Hospital-based	18	2	19.1	77.7%	73.3%
Freestanding					
Chesapeake Regional Imaging - Kempsville ⁴	1	0	1	55.6%	55.6%
Chesapeake Regional Imaging - Kingsborough ⁵	2	1	2	86.8%	86.8%
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	1	0	1	112.0%	112.0%
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake ⁵	2	1	2	116.2%	116.2%
Riverside Diagnostic Center - Smithfield ⁶	0	0	0.1	0.0%	50.2%
Sentara Advanced Imaging Center - Belleharbour	1	0	1	80.1%	80.1%
Sentara Advanced Imaging Center - Greenbrier Healthplex	0	0	0.9	0.0%	62.2%
Sentara Advanced Imaging Center - Princess Anne	1	0	1	83.3%	83.3%
Sentara Advanced Imaging Center - St. Luke's	0	0	0.1	0.0%	18.8%
Sentara Advanced Imaging Center at First Colonial	1	0	1	88.8%	88.8%
Sentara Advanced Imaging Solutions at North Leigh Campus	1	0	1	27.2%	27.2%
Sentara Brock Cancer Center	1	0	1	73.7%	73.7%
Sentara Independence	1	0	1	84.6%	84.6%
Total and Average Freestanding	12	2	13.1	89.5%	87.3%
Total and Average PD 20	30	4	32.2	82.5%	76.8%

Source: VHI 2021

1 Bon Secours DePaul is now closed

2 Sentara Norfolk General also has an intraoperative MRI, not counted here

3 Sentara Obici Hospital expects to add a 2nd MRI 10/31/23 per COPN No. VA-04787

4 Kempsville to transfer MRI to New Hanbury site 11/15/23 per COPN No. VA-04761

5 Kingsborough will transfer one MRI to First Meridian Chesapeake 11/30/12 per COPN No. VA-04788

6 Riverside Diagnostic Center -Smithfield has surrendered COPN No. VA-04781 authorizing a mobile MRI to place it a new Riverside Smithfield Hospital 9/15/2025 instead, per COPN No. VA-04785.

Proposed Project

Sentara Hospitals proposes to establish a mobile MRI site at Sentara Edinburgh, an outpatient center in Chesapeake, Virginia which opened in 2017. The proposed mobile MRI would initially be at the site two days per week, including Sundays. Sentara Edinburg currently offers family medicine, pediatrics, a diagnostic center with lab and x-ray, and a therapy center that includes physical therapy, sports medicine, pelvic floor therapy, headache treatment and concussion management, among other therapies. These services are co-located with a YMCA. If approved, Sentara Healthcare would serve the new site with a mobile MRI unit that already provides service to two other locations in the area. The proposed site would be built through a remodeling of the existing building.

The projected capital costs of the proposed project total \$1,262,850, the entirety of which will be funded using the accumulated reserves of the applicant (**Table 3**). Accordingly, there are no financing costs associated with this project. Sixty percent of the capital costs are for direct construction. If approved, construction would start in January 2024 with a target opening in June 2024.

Table 3. Capital Costs, Mobile MRI Project at Sentara Edinburgh

Direct Construction Costs	\$	759,310
Equipment	\$	20,000
Site Acquisition Costs	\$	456,540
Architectural & Engineering Fees	\$	27,000
Total Capital Costs	\$	1,262,850

Source: COPN Request No. VA-8670

Project Definition

§32.1-102.1:3 of the Code of Virginia defines a project, in part, as “Establishment of a medical care facility described in subsection A” [as a] specialized center of clinic or that portion of a physician’s office developed for the provision of... magnetic resonance imaging (MRI)....”

§32.1-123 defines a medical care facility as “Any specialized center or clinic or that portion of a physician's office developed for the provision of ... magnetic resonance imaging (MRI)....”

Required Considerations -- § 32.1-102.3, of the Code of Virginia

In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable.

- 1. The extent to which the proposed project will provide or increase access to health care services for people in the area to be served, and the effects that the proposed project will have on access to health care services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to health care;**

As depicted in **Table 4**, at an average annual growth rate of 0.52%, PD 20’s population growth rate is slightly below the state’s average annual growth rate of 0.77%. Overall, the planning district is projected to add an estimated 62,104 people in the 10-year period ending in 2020 – an

average increase of 6,210 people annually and 47,742 in the 10-year period ending 2030 – an average increase of 4,774 people annually.

Regarding the 65+ age group for PD 20, Weldon-Cooper projects a more rapid increase in population growth (an approximate 35% increase from 2010 to 2020 and approximately 33% from 2020 to 2030). This is significant, as this population group typically uses health care resources at a rate much higher than those individuals under the age of 65. Weldon-Cooper further projects that statewide, the 65+ age cohort population will increase at a rate of approximately 38% from 2010 to 2030 and approximately 27% from 2020 to 2030.

Table 4. Population Projections for PD 20, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030
Isle of Wight	35,270	38,060	7.91%	0.75%	41,823	9.89%	0.95%
Southampton	18,570	17,739	-4.47%	-0.45%	17,711	-0.16%	-0.02%
Chesapeake	222,209	249,244	12.17%	1.13%	270,506	8.53%	0.82%
Franklin	8,582	8,268	-3.66%	-0.36%	8,140	-1.55%	-0.16%
Norfolk	242,803	246,881	1.68%	0.16%	249,889	1.22%	0.12%
Portsmouth	95,535	95,027	-0.53%	-0.05%	90,715	-4.54%	-0.46%
Suffolk	84,585	94,733	12.00%	1.11%	109,424	15.51%	1.45%
Virginia Beach	437,994	457,699	4.50%	0.43%	467,187	2.07%	0.21%
Total PD 20	1,145,548	1,207,652	5.42%	0.52%	1,255,394	3.95%	0.39%
PD 20 65+	124,196	167,891	35.18%	2.98%	222,845	32.73%	2.87%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%

Source: U.S. Census, Weldon Cooper Center Projections (June 2019) and DCOPN (interpolations)

Geographically, Sentara Edinburgh is located at 1933 Edwin Drive, Chesapeake, Virginia in a large and fast-growing area of PD 20. The applicant states that it is conveniently located off of VA-168, one of two major roads that traverse the southern Chesapeake area. Sentara asserts that the site will improve access to outpatient MRI services for Sentara patients that live in southern Chesapeake. These patients currently travel to Sentara’s Greenbrier site, Sentara Princess Anne Hospital (which has maintained MRI volumes above the SMFP threshold for several years) and Sentara Advanced Imaging-Princess Anne.

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2020, the most recent year for which such data are available, the average amount of charity care provided by HPR V facilities was 2.5% of all reported total gross patient revenues (Table 5). Five of Sentara’s sights provided charity care above this average in 2020 and two below. Regardless, Sentara has a systemwide charity condition of 4.8% of gross patient revenue. Pursuant to § 32.1–102.4 of the Code of Virginia, should the Commissioner approve the proposed project, it should be subject to this charity care condition in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

DCOPN is not aware of any other distinct and unique geographic, socioeconomic, cultural, transportation, or other barriers to care that this project would address.

Table 5. HPR V Charity Care Contributions: 2020

Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Riverside Tappahannock Hospital	\$165,747,566	\$8,843,478	5.34%
Riverside Shore Memorial Hospital	\$247,007,286	\$10,695,992	4.33%
Riverside Doctors' Hospital Williamsburg	\$149,491,510	\$6,064,567	4.06%
Riverside Walter Reed Hospital	\$252,482,633	\$9,401,927	3.72%
Bon Secours DePaul Medical Center	\$363,165,760	\$12,756,832	3.51%
Sentara Careplex Hospital	\$909,090,883	\$31,651,344	3.48%
Sentara Obici Hospital	\$914,294,131	\$26,301,718	2.88%
Sentara Virginia Beach General Hospital	\$1,265,310,067	\$36,146,887	2.86%
Sentara Norfolk General Hospital	\$3,753,299,758	\$106,756,170	2.84%
Sentara Leigh Hospital	\$1,330,835,003	\$34,335,012	2.58%
Riverside Regional Medical Center	\$2,191,107,102	\$53,859,556	2.46%
Chesapeake Regional Medical Center	\$986,713,280	\$21,292,946	2.16%
Hampton Roads Specialty Hospital	\$46,913,449	\$1,010,073	2.15%
Sentara Princess Anne Hospital	\$1,032,703,976	\$21,443,232	2.08%
Bon Secours Maryview Medical Center	\$1,148,940,309	\$22,068,850	1.92%
Bon Secours Mary Immaculate Hospital	\$620,268,395	\$11,887,663	1.92%
Sentara Williamsburg Regional Medical Center	\$655,360,428	\$11,516,832	1.76%
Bon Secours Rappahannock General Hospital	\$70,546,600	\$1,148,522	1.63%
Children's Hospital of the King's Daughters	\$1,120,616,182	\$4,135,241	0.37%
Bon Secours Southampton Memorial Hospital	\$211,414,625	\$460,731	0.22%
Lake Taylor Transitional Care Hospital	\$44,295,918	\$0	0.00%
Hospital For Extended Recovery	\$30,370,572	\$0	0.00%
Total Facilities Reporting			22
Median			2.35%
Total \$ & Mean %	\$17,509,975,433	\$431,777,573	2.5%

Source: VHI (2020)

2. The extent to which the proposed project will meet the needs of people in the area to be served, as demonstrated by each of the following:

- (i) the level of community support for the proposed project demonstrated by people, businesses, and governmental leaders representing the area to be served;**

DCOPN received ten letters of support for COPN Request No. VA-8670 from physicians, a patient, an area resident and physical therapists, and five letters of commitment from medical staff leadership. Collectively, these letters articulate several benefits of the project, including:

- The high quality of Sentara services, imaging in particular
- Large and high growth population in the southern Chesapeake area
- Growth in physician practice, treatment center and evaluation volumes at the Edinburgh Center

- Current travel inconvenience and lengthy wait times for an MRI
- The project will decompress highly utilized MRI at Sentara Princess Anne Hospital
- Convenience and low-cost of freestanding MRI

DCOPN received a letter of opposition from Chesapeake Regional Healthcare stating the proposed project should be denied for the following reasons:

- It is premature to approve another MRI site in southern Chesapeake since Chesapeake Diagnostic Imaging Centers LLC has a completion date for its new Hanbury site of November 15, 2023, 2.7 miles from Sentara's proposed Edinburgh site.
- Sentara's proposed project would promote harmful competition. Sentara has a concentrated 56% of MRI share of PD 20 (from 2021 VHI data) and damage to Chesapeake Regional Healthcare's imaging volumes would put other essential services at risk.
- Sentara cannot meet its volume projections without reducing volumes from Chesapeake Regional Healthcare. One of the zip codes used to estimate volumes for the proposed project is closer to Sentara's existing Greenbrier site, so those patients already have more convenient access to Sentara MRI services.
- Sentara already has an MRI center in the Greenbrier area of Chesapeake and has plans to add another south of Chesapeake Regional Hospital in North Carolina.

Public Hearing

§32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8670 is not competing with another project and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing is held.

DCOPN provided notice to the public regarding this project on November 22, 2022. The public comment period closed on January 6, 2022. Other than the letters of support and letter of opposition referenced above, no members of the public commented.

(ii) the availability of reasonable alternatives to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner;

Given the surplus of MRIs in PD 20, and the numerous new MRI relocations in Chesapeake approved but not yet operational, as well as an additional MRI relocation currently under review, the status quo is a reasonable alternative to the proposed project.

Figure 1

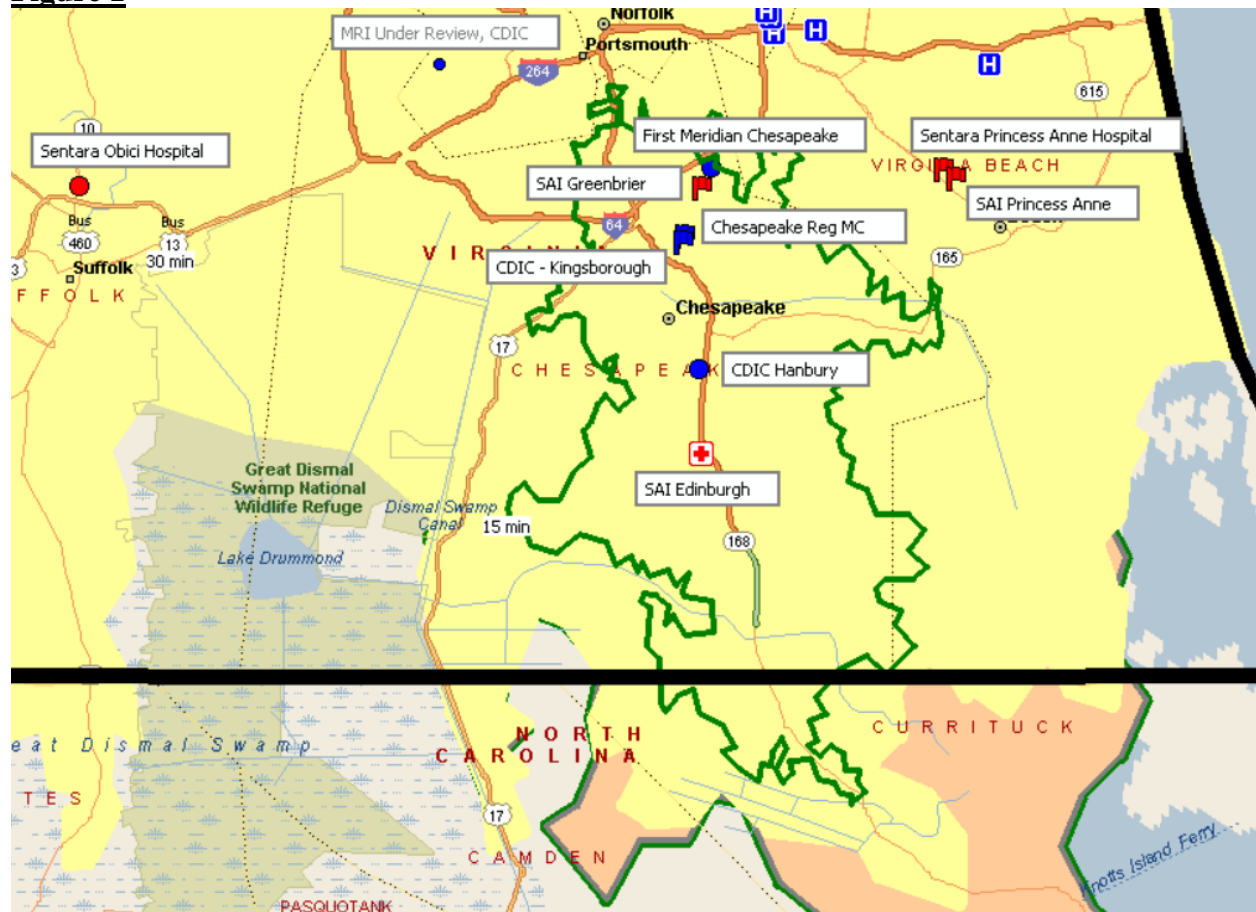


Figure 1 clarifies the configuration of MRI sites in the southern part of PD 20. The flags are existing, operational MRI sites (red is Sentara and blue is Chesapeake Healthcare); the dots are approved projects not yet operational (red is Sentara and blue is Chesapeake Healthcare); The red cross is the proposed project. The orange area at the bottom of the map is new 30-minute access that would be created by the proposed project, all outside of PD 20 and Virginia. The green drivetime ring around the proposed site is 15 minutes, for perspective. The proposed site is clearly placed in the main route of access from the south and would almost certainly impact volumes in the not-yet-operational CDIC Hanbury site as well as Chesapeake Regional Medical Center.

Though there is merit in co-locating mobile MRI services with other services offered by the same health system, Sentara’s Greenbrier site is an existing and reasonable access point for Sentara patients. Preserving the status quo to allow time to assess volumes/utilization of the MRI complement already approved but that are not yet operational is a reasonable and cost-effective alternative.

- (iii) any recommendation or report of the regional health planning agency regarding an application for a certificate that is required to be submitted to the Commissioner

pursuant to subsection B of § 32.1-102.6;

Currently there is no organization in HPR V designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 20. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) any costs and benefits of the proposed project;

Projected capital costs of the proposed project are \$1,262,850, of which about 60% is direct construction costs. In comparison to MRI projects recently approved in PD 20, the proposed project compares favorably. The new outpatient MRI approved on the campus of Sentara Obici Hospital had an estimated cost of \$2,838,250 (COPN No. VA-04787) and the relocation of an MRI to First Meridian Chesapeake had a projected capital cost of \$2,714,525 (COPN No. VA-04788).

Benefits of the proposed project, include:

- The proposed project will provide access to Sentara’s existing patients living proximal to Edinburgh with a shorter drive time, especially those already accessing other services at the outpatient center.
- The proposed project is inventory-neutral in that it utilizes an existing mobile MRI unit that has capacity to offer half-days at the proposed location; however, it represents a new site and additional half-days not currently offered.
- The applicant asserts that the proposed site would help to decompress the heavily-utilized service at Sentara Princess Anne Hospital, though Figure 1 illustrates that Sentara’s Greenbrier site is closer to most areas of Chesapeake than the proposed Edinburgh site and the Sentara Advanced Imaging – Princess Anne outpatient MRI site would also accommodate any MRI patients appropriate for an outpatient scan at the proposed site.

(v) the financial accessibility of the proposed project to the people in the area to be served, including indigent people; and

The pro forma income statement provided by the applicant includes the provision of charity care in the amount of 4.8% (**Table 6**), consistent with Sentara’s systemwide charity condition. DCOPN notes that, according to regional and statewide data regularly collected by VHI, for 2020, the most recent year for which such data are available, the average amount of charity care provided by HPR V facilities was 2.5% of all reported total gross patient revenues (**Table 5**). Recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on every applicant seeking a COPN such that, if approved, the proposed project should be subject to a charity care condition no less than the 2.5% HPR V average (which Sentara’s systemwide condition accommodates), in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 6. Sentara Edinburgh Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$1,611,620	\$1,726,045
Charity Care	\$77,358	\$82,850
Contractual Allowances	\$1,064,179	\$1,168,505
Net Operating Revenue	\$470,083	\$474,690
Total Operating Expenses	\$446,061	\$46,710
Net Operating Gain	\$24,022	\$427,980

Source: COPN Request No. VA-8670

- (vi) **at the discretion of the Commissioner, any other factors as may be relevant to the determination of public need for a proposed project;**

COPN Request No. VA-8611: Chesapeake Diagnostic Imaging Centers, LLC is still under review. That project proposes to relocate and replace the final MRI scanner currently at the Kingsborough facility to the location at 4200 Portsmouth Boulevard, Chesapeake, Virginia (Western Branch) and then close the Kingsborough site.

3. The extent to which the application is consistent with the State Health Services Plan;

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, these regulations provide the best available criteria and DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

The SMFP contains criteria/standards for the establishment or expansion of MRI services. They are as follows:

Article 2
Criteria and Standards for Magnetic Resonance Imaging

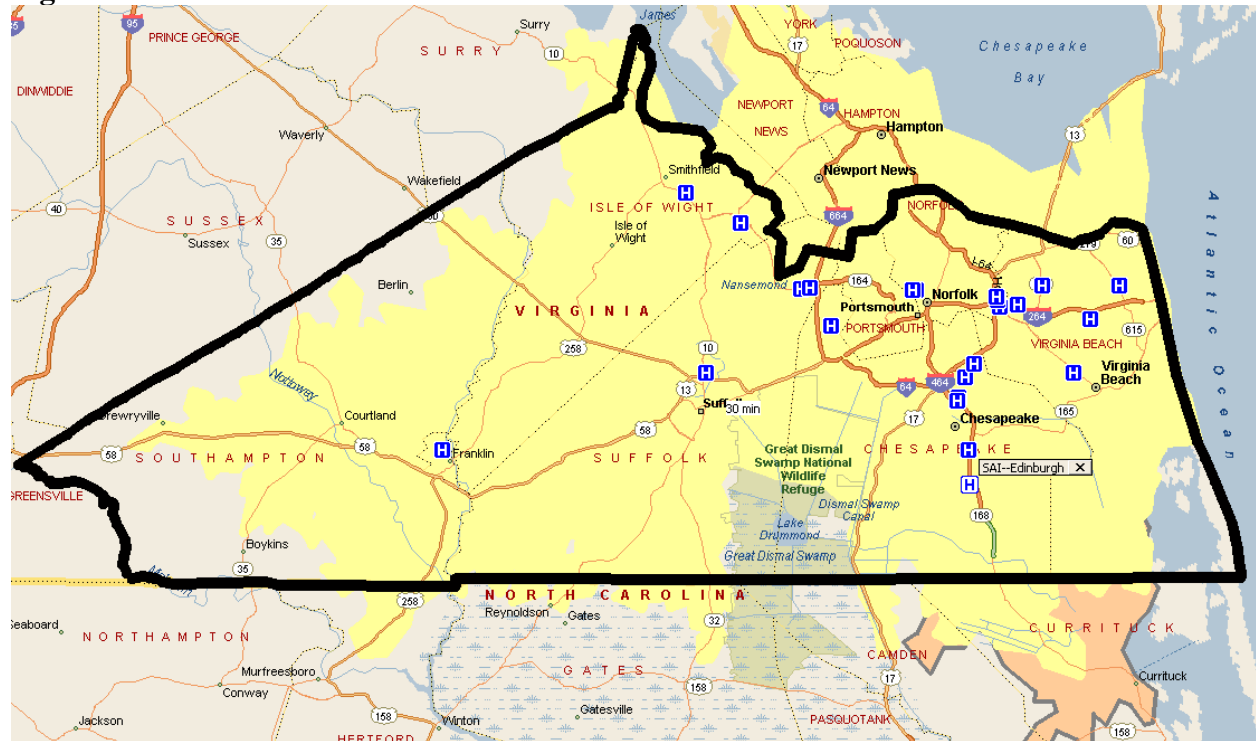
12VAC5-230-140. Travel time.

MRI services should be within 30 minutes driving time one way under normal conditions of 95% of the population of the health planning district using mapping software as determined by the commissioner.

The heavy black line in **Figure 1** is the boundary of PD 20. The “H” symbols with blue background mark the locations of authorized MRI providers in PD 20. The “H” symbol with the white background marks the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 20. **Figure 1** illustrates that MRI services are likely within a 30-minute drive under normal conditions of 95% of the residents of PD 20 and approval of the proposed project will not increase geographic access to MRI services in PD 20. The orange shaded area represents

new access within 30 minutes that would be created with the proposed project, entirely outside of PD 20 and outside of Virginia.

Figure 1



12VAC5-230-150. Need for new fixed site service.

No new fixed site MRI service should be approved unless fixed site MRI services in the health planning district performed an average of 5,000 procedures per existing and approved fixed site MRI scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site MRI providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service may be disregarded in computing average utilization of MRI scanners in such planning district.

The proposed project is a mobile site, so this standard is not applicable; however, for the sake of completeness, an assessment of PD 20 fixed-site MRI need was completed. The MRI scanners that were operational in 2021 in PD 20 collectively performed 123,686 procedures. Based on these data, DCOPN has calculated a current surplus of four fixed MRI scanners in PD 20 as follows:

- 2021 fixed MRI units reported to VHI = 30
- Needed MRI units = $123,686 \text{ (2021 MRI procedures)} \div 5,000 = 24.7 \text{ (25)}$
- 2023 fixed MRI unit inventory = 29
- Fixed MRI unit surplus = 4**

12VAC5-230-160. Expansion of fixed site service.

Proposals to expand an existing medical care facility's MRI services through the addition of an MRI scanner may be approved when the existing service performed an average of 5,000 MRI procedures per scanner during the relevant reporting period. The commissioner may authorize placement of the new unit at the applicant's existing medical care facility, or at a separate location within the applicant's primary service area for MRI services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health-planning district.

This standard is not applicable to the proposed mobile site.

12VAC5-230-170. Adding or expanding mobile MRI services.

- A. Proposals for mobile MRI scanners shall demonstrate that, for the relevant reporting period, at least 2,400 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing MRI providers in the health-planning district.**
- B. Proposals to convert authorized mobile MRI scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, 3,000 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing MRI providers in the health-planning district.**

The proposed project is a new site for MRI, so there is no MRI volume history at the location. The applicant states that 2,736 outpatient, non-emergency department MRI scans were conducted in 2021 across all Sentara PD 20 sites for patients living in the Sentara Edinburgh service area. Over 87% of this number would have to get their MRI scans at Sentara Edinburgh in order to achieve the 2,400 SMFP threshold without reducing utilization of existing providers. This is not likely, given that portions of the zip codes Sentara has defined as the Sentara Edinburgh service area are closer to other Sentara MRI providers. Referring again to Figure 1, it is highly likely that the proposed project would significantly reduce the utilization of existing providers in PD 20. The proposed project is not consistent with this SMFP standard.

12VAC5-230-180. Staffing.

MRI services should be under the direct supervision of one or more qualified physicians.

The applicants have provided assurances that all MRI services will be under the direction and supervision of qualified physicians.

Required Considerations Continued

- 4. The extent to which the proposed project fosters institutional competition that benefits the area to be served while improving access to essential health care services for all people in the area to be served;**

The proposed project fosters institutional competition between the two largest providers of imaging services in PD 20. As reported to VHI in 2021, Sentara providers in aggregate

performed 56% of total MRI procedures performed by PD 20 providers and Chesapeake Healthcare performed 29%. The percentages of MRI procedures performed in freestanding outpatient centers in PD20 in 2021 were 46% at Sentara sites and 53% at Chesapeake Healthcare sites (including First Meridian sites that became part of Chesapeake Healthcare in February 2020). There is clearly not a monopoly in the arena of MRI imaging in PD 20, though the market is highly concentrated.

The applicant asserts that the proposed project is for purposes of access for the limited but growing number of patients already coming to Sentara MRI facilities from the Edinburg area and would not compete with or significantly impact existing providers. Given the location of the proposed project on a major road from southern Chesapeake and North Carolina within three miles of a Chesapeake Healthcare outpatient MRI site that is not yet operational, great potential exists for a limited mobile MRI service to divert significant volumes from an existing competitor and expand to accommodate those volumes. In an area where one provider would thrive, two might struggle. COPN concludes the institutional competition from the proposed project would not benefit the region.

5. The relationship of the proposed project to the existing health care system of the area to be served, including the utilization and efficiency of existing services or facilities;

The proposed project would be located on the Sentara Edinburg outpatient campus, an existing site for family practice, pediatrics a diagnostic center, a therapy center and YMCA. The site is adequately served by utilities and parking to support the proposed project and this infrastructure enables cost savings in the construction of the proposed project. Volumes of existing services at this location are growing quickly and the applicant asserts that a mobile MRI would provide needed access to the patient base in southern Chesapeake already seeking services from Sentara.

Sentara Princess Anne Hospital has maintained MRI volumes well above the SMFP threshold for several years and the applicant asserts that the proposed project would decant a small number of volumes of this high utilization. The Sentara Greenbrier Healthplex mobile MRI site is closer to the proposed project than to Sentara Princess Anne Hospital, and with its MRI provision of mobile MRI services now nine half-days per week, its utilization in 2021 was 62.2%, demonstrating capacity for Edinburg volumes. In addition, patients that would be appropriate for outpatient MRI at the Edinburg site would be appropriate for MRI scans at the SAI-Princess Anne site that reported 83.3% utilization in 2021. It is not likely that the proposed project would impact Sentara Princess Anne Hospital volumes in any way. In addition, robust MRI options exist for Sentara's patients in the Edinburg area within the SMFP's prescribed 30-minute drive time.

6. The feasibility of the proposed project, including the financial benefits of the proposed project to the applicant, the cost of construction, the availability of financial and human resources, and the cost of capital;

The proposed project is feasible in all regards, with a positive net income the first year, a reasonable capital cost and availability of human resources. The applicant asserts that only 1.6 additional FTEs would be required for the proposed project.

7. **The extent to which the proposed project provides improvements or innovations in the financing and delivery of health care services, as demonstrated by; (i) the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services; (ii) the potential for provision of health care services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and**

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. The proposed project is an outpatient service, but non-hospital-based outpatient MRI is readily available in PD 20 and specifically in Chesapeake.

8. **In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served, (i) the unique research, training, and clinical mission of the teaching hospital or medical school, and (ii) any contribution the teaching hospital or medical school may provide in the delivery, innovation, and improvement of health care for citizens of the Commonwealth, including indigent or underserved populations.**

The proposed project is not and does not affect a teaching hospital.

DCOPN Findings and Conclusions

The area of PD 20 surrounding the proposed project has a growing and aging population. Sentara's existing outpatient services in Edinburgh that are not regulated by COPN have experienced growth. The project is feasible, and costs are reasonable; however, the project is not necessary to PD 20 and presents potential for significantly decreasing MRI volumes of existing providers and providers authorized but not yet in operation. The project has vehement opposition from an existing provider of MRI services.

Multiple options exist for outpatient MRI services with Sentara and non-Sentara providers within a 30-minute drive time of the proposed project. At least two Sentara MRI sites have adequate capacity to provide services to Sentara's patients that live proximal to Edinburgh.

DCOPN finds that Sentara Hospitals d/b/a Sentara Advanced Imaging Solutions-Edinburgh's proposed project to establish a mobile MRI site is inconsistent the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia that relate to mobile MRI. The status quo is preferable to the proposed project.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **denial** of Sentara Advanced Imaging Solutions-Edinburgh's COPN request to establish a new MRI site in PD 20 for the following reasons:

1. The proposed project is inconsistent with the applicable criteria and standards of the State Medical Facilities Plan and with the Eight Required Considerations of the Code of Virginia.
2. There are several MRI projects in PD 20 that have been approved but are not yet operational.
3. The proposed project promotes competition that is not beneficial to PD 20.
4. The proposed project is opposed by an existing provider that credibly argues that it would significantly decrease its utilization and put essential services at risk.
5. The status quo is more favorable than the proposed project.